MicroCapital Monitor
THE MICROFINANCE NEWSPAPER

DECEMBER 2013 | VOLUME.8 ISSUE.12

MICROCAPITAL BRIEFS | TOP STORIES

FINCA Microfinance Holding Raises $48m

Please see page 3 for coverage of this "MicroCapital Deal of the Month."

IDB Approves $20m Loan to Edyficar of Peru for Housing Finance

The Inter-American Development Bank (IDB), a US-based multilateral institution, reportedly has approved a loan of USD 20 million to Edyficar, a microbank in Peru, to increase its lending for the incremental construction of housing owned by low-income individuals, particularly small-business owners. Edyficar has total assets of USD 1.2 billion, 500,000 customers, return on assets of 3.6 percent and return on equity of 38 percent. IDB reports total assets of USD 92 billion. November 29. 2013

Fonkoze of Haiti Raises $2m in Equity from Digicel

Sevis Finansye Fonkoze (SFF), a Haitian commercial microbank, has received an equity investment of USD 2 million from Digicel, a Bermuda-based cellular network provider. SFF, which offers microcredit, savings, foreign exchange, insurance and remittances, is affiliated with Fondasyon Kole Zepol, a nonprofit that provides microfinance and other services to poor people in Haiti, and Fonkoze USA, a US-based nonprofit that solicits funds and technical support for its sibling organizations. SFF reports total assets of USD 29 million, a gross loan portfolio of USD 13 million, deposits of USD 26 million, return on assets of -15 percent and return on equity of 387 percent. Digicel is a privately owned company that serves 13 million customers in 30 markets in the Caribbean, Central America and the Pacific. November 23. 2013

Triodos Sells Stake in Mongolia's TenGer to Orix, IFC, Mongolyn Alt Group

Triodos Investment Management, a subsidiary of Triodos Bank of the Netherlands, recently announced that it has sold the majority of its 13.5-percent equity stake in TenGer Financial Group, the Mongolian parent of XacBank and other microfinance providers. The shares, which had been held by the Triodos-Doen and Triodos Fair Share Funds, were sold to Orix Corporation, a Japanese financial group; the World Bank Group's International Finance Corporation; and the Mongolyn Alt Group, a Mongolian mining company. As of 2011, TenGer Financial Group reported assets equivalent to USD 605 million. November 16. 2013

EBRD Loans $12m to Armenia's ACBA-Credit Agricole, Part for Energy Efficiency

The European Bank for Reconstruction and Development (EBRD), a UK-based multilateral institution, has provided two local-currency loans to Agricultural Cooperative Bank of Armenia-Credit Agricole Bank (ACBA), a microfinance bank partially owned by French bank Credit Agricole. The first loan, equivalent to USD 9 million, is intended for on-lending to micro-, small and medium-sized enterprises (MSMEs) in Armenia. The second loan, equivalent to USD 3.5 million, is for on-lending for energy-efficient investments by MSMEs as well as for individuals' homes. As of 2011, ACBA reported a gross loan portfolio of USD 362 million, 121,000 active borrowers, deposits of USD 159 million, 230,000 depositors, return on assets of 3.02 percent and return on equity of 14 percent. November 14. 2013

ResponsAbility Loans $20m to Improsa of Costa Rica

Switzerland-based responsAbility Investments recently notified MicroCapital that it has disbursed a loan of USD 20 million to Improsa Bank, a financial institution that serves small and medium-sized enterprises as a subsidiary of Costa Rica-based holding company Grupo Financiero Improsa. The terms of the loan have not been disclosed. Improsa Bank reports total assets of USD 422 million, and responsAbility reports USD 1.4 billion in total assets under management. November 12. 2013

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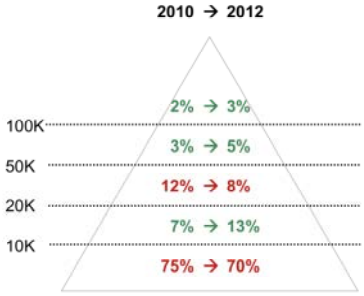
EASTERN EUROPE & CENTRAL ASIA

PERCENT OF MFIS IN MARKET BY SIZE



MARKET INDICATORS PAGE 6

MICROCAPITAL BRIEFS

Applications Open for $100k "Islamic Microfinance Challenge"

Through January 2014, the organizers of the second Islamic Microfinance Challenge are accepting applications for a prize of USD 100,000 to be awarded for an innovative microfinance product that is compliant with Islamic law, Shariah, which prohibits the charging of interest. This year, the contest is themed "Beyond Murabaha," referring to the "cost plus markup" concept of compensating lenders for their services. The application form can be found at http://www.cgap.org/sites/default/files/islamic_mf_challenge_1.pdf. December 2. 2013

Oxus Democratic Republic of Congo Increases Capital to $2.7m

Oxus Democratic Republic of Congo (DRC), a microfinance institution that opened in DRC in 2012, recently raised an unspecified amount of equity to bring its total capital to USD 2.7 million. With the new liquidity, Oxus DRC is opening a branch in the capital city of Kinshasa, with plans to open three additional branches by 2015. The firm is held by the following French organizations: Oxus Holding, the financing arm of the microfinance-focused Oxus Group; Investisseurs & Partenaires, a family of funds that support socially responsible entrepreneurs in Sub-Saharan Africa; and the Investment and Support Fund for Businesses in Africa, which invests in finance in Sub-Saharan Africa. The investors hold shares of 60 percent, 20 percent and 20 percent, respectively. Oxus DRC serves 1,200 clients with a total loan portfolio of USD 560,000. In addition to Oxus DRC, the Oxus Group holds stakes in microbanks Afghanistan, Kyrgyzstan and Tajikistan. November 30. 2013

FMO Issues $675m in Bonds, Part for Inclusive Finance

The Netherlands Development Finance Company, a public-private partnership also known as FMO that aims to promote growth in developing economies, recently issued five-year "Sustainability Bonds" in an amount equivalent to USD 675 million to finance environmentally friendly and "socially responsible" initiatives related to renewable energy, agriculture, food processing, forestry, transportation, clean water and microfinance. Fifty investors from the Netherlands and other European countries bought bonds that were issued in increments as small as USD 1,350. FMO reports total assets of USD 7.3 billion. November 28. 2013

IFC Issues $165m in Bonds for Women-owned Businesses

The International Finance Corporation (IFC) of the World Bank Group reportedly has issued USD 165 million in five-year, AAA-rated bonds to support women-owned businesses in emerging markets. An unspecified portion of the bond sales is being distributed by Daiwa Securities Group, a Tokyo-based financial services firm, for sale exclusively to Japanese investors. Money raised through the bond sales will be disbursed via financial institutions in low- and middle-income countries to businesses in which women either: (1) own a majority stake; or (2) hold the majority of senior leadership positions and own at least a one-fifth equity stake. IFC is expected to expand the bond program to include investors from other countries in 2014. November 26. 2013

CORRECTION

An item in the November issue of this newspaper incorrectly stated that the Luxembourg-based Grameen Credit Agricole Microfinance Foundation invested the euro-equivalent of USD 462,000 to acquire a 20-percent stake in Senegalaise des Filieres Alimentaires (SFA), a rice processor in Senegal. In fact, Grameen Credit Agricole paid USD 192,000 for the equity stake and loaned the remaining USD 270,000 to SFA.

IFC Loans $31m to Fullerton Credit for SMEs in China

The International Finance Corporation, a member of the US-based World Bank Group, has announced that it is making an investment equivalent to USD 31 million in Fullerton Credit (FC), a subsidiary of Singapore-based Fullerton Financial Holdings (FFH), to support financial access for small and medium-sized enterprises in western and central China. The investment will be made in the form of two, five-year loans denominated in renminbi. FC reports total assets of USD 191 million and 24 branches. FFH, with total assets of USD 33 billion, is a subsidiary of Temasek Holdings, an investment firm owned by the government of Singapore. November 21. 2013

IFC, Canada to Support Dewan's Green Mortgages in India

The World Bank Group's International Finance Corporation (IFC) and the government of Canada have partnered to loan USD 85 million to Dewan Housing Finance Corporation, a for-profit company in India, to finance "green" mortgages under the IFC-Canada Climate Change Program. The loan is expected to expand affordable, energy-efficient housing in India, reducing 6,200 tons of carbon emissions per year. IFC will fund USD 15 million of the loan and raise the remaining USD 70 million through commercial borrowing. Details regarding Canada's participation in the transaction have not been released. Dewan reports total assets of USD 444 million, return of assets of 1.8 percent and return on equity of 19 percent. November 20. 2013

"Catalyst for Growth" Boosts South African SME Revenue by 43%

The JP Morgan Chase Foundation, an affiliate of the US-based investment and banking firm JP Morgan Chase, has announced that the 20 small and medium-sized enterprises (SMEs) that are participating in its two-year pilot programme Catalyst for Growth (C4G) have reported increases of: 43 percent in overall revenue; 19 percent in permanent employees; and 13 percent in access to capital. C4G offers South African SMEs "business development support" via third-party providers of services such as mentoring, training, and assistance in formulating business and marketing strategies. C4G was launched with USD 1 million from the JP Morgan Chase Foundation and unspecified resources from South African asset management company Cadiz Asset Management and US-based "impact investment" firm Imprint Capital. JP Morgan Chase has assets of USD 2.5 trillion. November 19. 2013

Ananya, Wholesale Lender to Indian MFIs, Raises $2.9m in Equity

Ananya Finance for Inclusive Growth Private Limited, a non-banking finance company in India, has raised the equivalent of USD 2.9 million in equity in equal parts from the Isis Fund of Women's World Banking, a US-based network of 39 microfinance institutions (MFIs), and the public-sector Industrial Development Bank of India. The transaction is intended to increase the capital adequacy of Ananya in order to boost its ability to borrow from other financial institutions to on-lend to MFIs and other "social businesses" in India. Ananya lends to 68 MFIs across 16 Indian states. November 17. 2013

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Please refer to http://MicroCapital.org for information sources for all briefs. MicroCapital recognizes the individuals at CGAP, the Microfinance Gateway and the Microfinance Information Exchange for their outstanding work disseminating information on microfinance. Thank you!

Kenya Commercial Bank, M-Pesa Launch Mobile Banking App

Kenya Commercial Bank (KCB), a publicly-traded institution, has partnered with Safaricom, a Kenyan mobile services provider that operates the mobile money service M-Pesa, to launch a mobile banking application called KCB M-Benki in Burundi, Kenya, Rwanda, South Sudan, Tanzania and Uganda. The application enables M-Pesa subscribers to open KCB accounts and conduct banking transactions such as deposits, withdrawals and fund transfers via mobile phones without visiting bank branches. KCB Group reports total assets equivalent to USD 4.3 billion. M-Pesa serves approximately 17 million clients through 45,500 agent outlets in Kenya. November 15. 2013

Habitat for Humanity Offers Housing Loans in Costa Rica

The Costa Rican affiliate of Habitat for Humanity, a US-based housing nonprofit, reportedly is launching a program to provide housing-improvement microloans that do not require collateral, but do require a co-signer. Although further information on the loans has not been released, loans from Habitat for Humanity typically have terms of less than three months. The NGO reports total assets of USD 253 million. November 13. 2013

Gates, IFC, MicroSave, UNDP Create Helix Digital Finance

The US-based Bill and Melinda Gates Foundation, the World Bank Group's International Finance Corporation (IFC), Indian for-profit consultancy MicroSave and the UN Development Program have partnered to create the Helix Institute of Digital Finance, a platform for training mobile network operators, financial institutions and others to increase the efficiency and impact of their services. Helix will offer courses on topics including network management, data analytics and fraud prevention. The institute will also launch an Agent Network Accelerator Programme to work with 25 agent networks in eight African and Asian countries in an effort to improve cash-in/cash-out networks in poor communities. November 13. 2013

Mobile Users in Pakistan to Enjoy Free Life Insurance

The Pakistani arm of MicroEnsure, a UK-based microinsurance intermediary, has announced the launch of "Talkshawk Mohafiz Zindagi Beema," a life insurance product that will be offered at no charge to customers of Telenor Pakistan, a unit of Norway's Telenor Group, through Jubilee Life Insurance, a subsidiary of Switzerland's Aga Khan Fund for Economic Development. The service is available to Telenor's prepaid mobile phone customers who spend the equivalent of USD 1.86 or more per month on airtime. The amount of coverage ranges from USD 186 to USD 930, with the highest benefit for those using airtime of USD 8.40 or more per month. Customers can enroll in the service by telephone without a medical examination or paperwork. Telenor Pakistan reports a subscriber base of 30 million, and Telenor Group reports total assets of USD 28 billion. November 11. 2013

Mediation Option for Microinsurance in the Philippines

The Philippine government has introduced an "Alternate Dispute Resolution for Microinsurance" (ADReM) system to resolve complaints regarding microinsurance claims outside the court system. The Insurance Commission will accredit mediators to administer ADReM, which will address complaints regarding claims that have not been fully paid within 10 days. November 9. 2013

EFSE Lends $10m to Megabank for Ukrainian Farmers

The European Fund for Southeast Europe (EFSE), a Luxembourg-based microfinance investment vehicle, recently issued a senior loan of USD 10 million to Megabank of the Ukraine to increase its agricultural lending. Twenty percent of Megabank's loan portfolio is designated for agricultural lending. Megabank has assets equivalent to USD 440 million, and EFSE has an investment portfolio equivalent to USD 1 billion. November 9. 2013

MicroCapital Deal of the Month

FINCA Microfinance Holding Raises $48m

FINCA Microfinance Holding Company, a for-profit investment vehicle launched in 2011 by the US-based Foundation for International Community Assistance (FINCA International), has raised a total of USD 48 million in unspecified portions from the World Bank Group's International Finance Corporation, Germany's KfW Development Bank, the Netherlands Development Finance Company (known as FMO in Dutch), the Global Microfinance Fund of Switzerland's responsAbility Investments and two funds managed by Triodos Investment Management, an arm of the Netherlands' Triodos Bank. The Triodos funds, the Triodos Microfinance and Triodos Fair Share Funds, are the only new investors in FINCA Microfinance. With total investments of USD 122 million, FINCA Microfinance is in the process of converting FINCA International's subsidiaries into commercial entities. These subsidiaries serve 1 million customers in 22 countries.

DID Loans $1m to Humo & Partners of Tajikistan

Developpement International Desjardins, a nonprofit subsidiary of Canadian cooperative Desjardins Group, has provided a senior loan of USD 1 million to Humo & Partners, a microlender in Tajikistan that reports total assets of USD 19 million, a gross loan portfolio of USD 17 million, 20,000 borrowers, return on assets of 8.2 percent and return on equity of 39 percent. November 8. 2013

Micro Pension, Visa Promote Microsavings in India

The Micro Pension Foundation, an Indian nonprofit that helps low-income households access microsavings products, and Visa Incorporated, a US-based payments company, are partnering to establish the "Micro Pension Financial Inclusion Lab" to develop technologies such as mobile and prepaid payment cards as well as savings products targeted for underbanked people. The lab is a joint venture with Invest India Micro Pension Services (IIMPS), a social enterprise that aims to increase the number of low-income workers with savings accounts. Hayshreeben Vyas is both the co-founder of the Micro Pension Foundation and the non-executive chairperson of IIMPS. November 7. 2013

IFC Places $3m in Equity to Support Indonesia's MBK Ventura

Bina Usaha Keluarga (BUK), the Indonesia-based majority shareholder of Mitra Bisnis Keluarga (MBK) Ventura, a microfinance institution in the same country, recently accepted an equity infusion equivalent to USD 3 million from the World Bank Group's International Finance Corporation with the aim of tripling the number of female clients MBK Ventura serves. Grameen Capital India, a social business based in India, served as advisor on the transaction. MBK Ventura reports total assets of USD 39 million, a gross loan portfolio of USD 34 million, 322,000 clients, return on assets of 1.9 percent and return on equity of 12 percent. November 7. 2013

EUROPEAN MICROFINANCE WEEK 2013

SPECIAL REPORT

This content, which was produced by MicroCapital on-site at European Microfinance Week, is sponsored by the European Microfinance Platform (e-MFP), a 140-member network based in Luxembourg.

"Disrupt this Old Model to Unlock the Potential"

At the opening plenary of European Microfinance Week on November 13, Michael Chu of the US-based Harvard Business School and the Mexico-based venture capital fund Ignia, argued that microfinance generally is implemented using a 20-year-old model that is inefficient and "ripe for disruption" through technology. While lamenting that more funding is not available for early-stage ideas, Mr Chu cited the example of a concept Ignia is supporting whereby a potential borrower can apply by telephone to receive an instant, automated decision on a loan of up to USD 1,000. Suresh Krishna, the managing director of Indian microlender Grameen Financial Services Private Limited (often referred to by the name of its subsidiary Grameen Koota), argued that such "no-touch" services would not be as successful as "high-touch" services, those that involve regular personal contact with borrowers. Mr Krishna added that high-touch models also are a better match for bringing in partner organizations to offer corollary services such as solar power, biogas and rain-water harvesting. Her Royal Highness The Grand Duchess of Luxembourg also spoke at the plenary, arguing that working with a person to get her or him out of poverty benefits more than just that person: "Whoever is taken out of poverty is going to have an impact on the political situation of that country and its democracy."

Why MFIs Offer Unprofitable Housing Loans

Wilson Twamuhabwa, CEO of Uganda's Ugafode Microfinance Limited, explained that his organization began to offer housing loan products partly because its clients were using 30 percent of their loans for housing anyway. Suresh Krishna, the managing director of Indian microlender Grameen Financial Services Private Limited, said that, "Once clients trust you with a service; they ask for more things. This has often been [related to] housing: a roof, a toilet, wall repair." While Mr Twamuhabwa and Mr Krishna noted that their housing loans carry annual interest rates of 24 percent and 22 percent, respectively, Renan Marquez of Cooperativa de Ahorro y Crédito Intibucana (CACIL) of Honduras jolted the crowd by disclosing CACIL's rate: 8 percent. This steeply lower interest rate is possible because CACIL lends from its customers' deposits rather than wholesale commercial loans. CACIL pays interest of 2.2 percent on deposits denominated in US dollars.

All of the presenters stated that their housing loans are not directly profitable. Mr Twamuhabwa said that his institution considers offering housing loans to be part of its social mission. Mr Krishna argued that improving his clients' housing situations improved the odds that the clients would be able to repay their enterprise and other loans, due to factors such as improved health.

The Business Case for Serving Women

Eschewing the idea that lenders have a moral obligation to serve a greater proportion of women, Anne-Marie Chidzero of South Africa and Anna Gincherman of the US-based Women's World Banking (WWB) network both argued that lenders are leaving money on the table by failing to reach out to women. Ms Chidzero is the chairperson of the African women's network New Faces New Voices and the CEO of Johannesburg-managed AfriCap Microfinance Investment Company. Ms Gincherman cited data from microfinance institutions (MFIs) in 18 countries indicating that those with at least 60 percent female clients earn 53 percent higher returns on investment. The panelists cited well-known barriers to women's usage of financial services, such as collateral being in the name of a male relative, low financial literacy, poor self-confidence and pressure from husbands. Ms Gincherman and Lisa Peterlechner of German development agency Deutsche Gesellschaft für Internationale Zusammenarbeit, both reported success with radio campaigns to help men adjust to the idea of women using financial services. Ms Chidzero argued, "This is building our economies. The contribution of women to gross domestic product is highly underestimated and under-documented."

Ms Gincherman cited the example of Interfisa Financiera, an MFI in Paraguay, that had a policy of allowing one loan per household. Commonly the male head of household took out an agricultural loan, precluding the woman of the family from borrowing for her enterprise - perhaps a small store or the raising of animals. When Interfisa Financiera adjusted its policy to allow two loans per household, it was able to serve many more women. Ms Gincherman also cited the rollout of a mobile banking product by Nigeria's Diamond Bank. At first, the product attracted mostly men; but, over time, women used the product more, and their total savings level surpassed that of men.

Overcoming Barriers to Agricultural Microfinance

Daniela Röttger, a consultant to German development finance institution Deutsche Investitions-und Entwicklungsgesellschaft (DEG), spoke about her study of the agricultural lending products offered by several African banks and microlenders. While agricultural loans are often structured to allow for bulk repayment at the time of harvest, Ms Röttger noted that some institutions do collect interest payments on a regular schedule before harvest. In response to difficulty with repayment, some of the institutions developed relationships with third parties. For example, one lender arranged a voucher system with a supplier of agricultural products so that loan proceeds can be used only at that vendor, such as to purchase seeds and fertilizer. Another lender made an arrangement with a wholesaler that purchases crops to deposit the proceeds of crop sales into an account with the lender, so the lender gets paid before the farmer receives his or her profits.

Regarding the promotion of agricultural finance by investors, Philippe Guichandut of the Luxembourg-based Grameen Credit Agricole Microfinance Foundation reported that his agency has had difficulty supporting the sub-sector because so few microfinance institutions (MFIs) are offering farm loans. Although over 80 percent of those served by MFIs supported by Grameen Credit Agricole live in rural areas, perhaps less than half of those are accessing agricultural loans. Lisa Peterlechner of German development agency Gesellschaft für Internationale Zusammenarbeit argued that bringing knowledge to MFIs that do not offer agricultural loans is important to increase their comfort level with the product type. In response to a question from the audience, Patrick van Damme of Belgium's Universiteit Ghent stated that an enabling environment for agricultural lending can be promoted through a range of avenues such as financial training or small infrastructure projects.

FIELD NOTES

Getting Distribution Right: The Next Conundrum for Financial Inclusion

This month, the World Bank released the annual update of its Financial Development Report, which focused on financial inclusion, boldly asserting that only half the world's population has a bank account. In low-income countries, only 11 percent do. Is informal finance more prevalent because people prefer it or because it is more easily available? Preferences matter, but demand is also closely linked to distribution. After all, I don't love Girl Scout cookies, but I buy them because the young salespeople literally come knocking at my door.

Distributing low-margin "micro" products such as savings and insurance at a high volume is an especially daunting challenge - dreams of SMS (text message) sales aside. Delivery can be expensive (pricing clients out), or restrictive (available only at times or places at which clients are less interested). It may be opaque (thus eroding clients' trust), often to mask coercive sales tactics (like brushing through key details of an insurance policy like exemptions for preexisting conditions or making a voluntary product seem like a requirement to qualify for credit).

We recently interviewed microentrepreneurs in Suriname, for example, who save through informal groups more than through formal banks - not out of preference but because no one has offered them bank accounts. This resonated when I sat down with some women farmers in rural Colombia last week. Armed with the World Bank data - hot off the presses - indicating that 72 percent of Colombians have no formal savings, I asked about this issue. They explained that they saved at home for emergencies. One woman, who helps manage her husband's farm, tucks away "spare" money she earns selling eggs from her chickens. Recently, a relative was sick, and she dipped in. "I had over USD 150 in that box. Can you imagine!", she said proudly. But informal savings is not all they need or want. Interestingly, most of these women had "secret" formal bank accounts as well. Accessing the account through local shops acting as bank correspondents makes deposits easy, which is critical since traveling alone into the city is out of the question.

Delivering insurance to low-income people is also tough. Many programs that have reached scale started with mandatory or "free" schemes, as was pointed out at last month's Ninth Annual Munich Re Microinsurance Conference in Jakarta. In many of these programs, even after buying insurance, few customers really know what coverage they have. Opaque distribution - often combined with mandatory schemes - is common. But if we want clients to buy products voluntarily (and with a lighter touch), we should strive for transparency. In a study we implemented for the Microinsurance Learning and Knowledge Project with Jonathan Bauchet, we found strong evidence at Compartamos Banco in Mexico that a clear and compelling sales pitch combined with distribution that clients trust can lead to high levels of voluntary enrollment in microinsurance.

It is no surprise that many insurers go the route of mandatory policies (tied to other services) or that many deposit-taking institutions have steered away from reaching the very poor because of high delivery costs. But financial inclusion will depend on overcoming some of these challenges and balancing low-cost distribution with responsible practices. We can reduce costs by introducing new technology and loosening regulation, but this must be paired with transparent and responsible delivery. After all, inclusion is not enough of an outcome in my book - we should strive to support higher incomes, asset building and asset protection.

About the Author: Ms Barbara Magnoni is President of EA Consultants, a development-consulting firm based in New York. She has 18 years of international finance and development experience and has worked with organizations including Goldman Sachs, Chase and BBVA and has advised institutions such as the International Finance Corporation, the US Agency for International Development and the International Labour Organization. She may be reached at +1 212 734 6461 or bmagnoni[at]eac-global.com, or you may follow her on Twitter at BarbaraatEA.

MICROCAPITAL MARKET INDICATORS
EASTERN EUROPE AND CENTRAL ASIA

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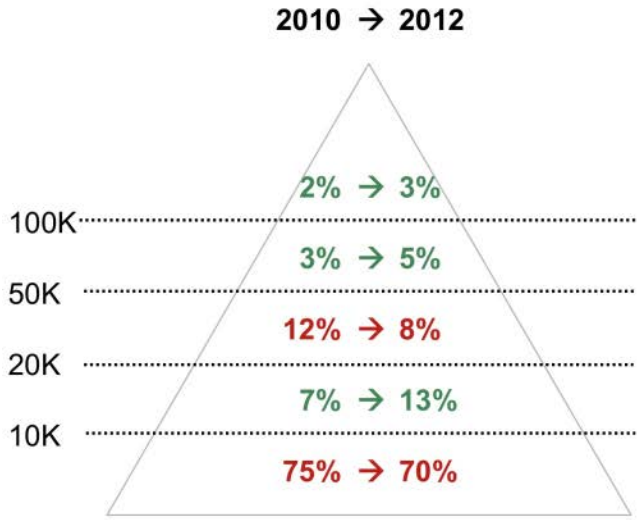
161 MICROFINANCE INSTITUTIONS (MFIs) REPORTING[1]

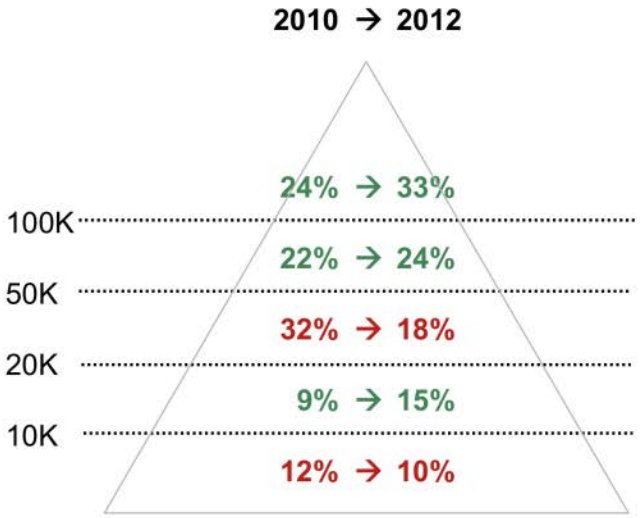
TOP MFIs BY GROWTH IN GROSS LOAN PORTFOLIO: CHANGE IN USD

MFI NAME	COUNTRY	AVERAGE ANNUAL USD INCREASE	AVERAGE ANNUAL % INCREASE	2010	2012
Khan Bank	Mongolia	317,269,159	29%	641,888,803	1,276,427,122
Bank of Baku	Azerbaijan	152,002,532	34%	233,297,500	537,302,564
AccessBank	Azerbaijan	119,162,739	22%	342,275,491	580,600,970
FM Bank	Poland	98,760,810	51%	63,009,067	260,530,688
Banka Respublika	Azerbaijan	51,809,214	19%	197,318,750	300,937,179
ProCredit Bank Georgia	Georgia	46,298,490	11%	336,118,079	428,715,060
Inecobank	Armenia	45,470,152	26%	108,082,115	199,022,419
Turanbank	Azerbaijan	42,394,839	22%	132,897,500	156,898,734
Bank Constanta	Georgia	39,816,585	43%	38,995,482	118,628,654

PERCENT OF MFIs IN MARKET BY SIZE (NUMBER OF ACTIVE BORROWERS)



MARKET SHARE BY MFI SIZE (NUMBER OF ACTIVE BORROWERS)



[1]Denotes only MFIs that reported data for 2010 and 2012 to the Microfinance Information Exchange (MIX) Market

Source: MIX, December 2013

UPCOMING EVENTS

Microfinance India Summit & Livelihoods India Conference
December 9 - December 12, 2013; New Delhi, India
These sibling events cover microfinance and helping poor people create "sustainable livelihoods" through innovation in urban services, social entrepreneurship, and women and land. The registration fee for the Microfinance India Summit is INR 10,000 for Indian citizens and USD 500 for others. The fee for the Livelihoods India Conference is INR 4,500 for Indian citizens and USD 350 for others. Various discounts are also available. For additional information, you may contact Juhi Natu by phone at +91 11 26510915 or microfinanceindia[at]accessassist.org. The event websites are http:// www.microfinanceindia.org and http://accessdev.org/lh-livelihoods-india.php, respectively.

CTN Africa: Improving Rural Livelihoods and Food Security
NEW DATES: January 13 - January 15, 2014; Kigali, Rwanda
Cracking the Nut Africa will focus on: best practices for proper nutrition for a growing population; technologies and methodologies for reducing the costs and risks of serving rural clients; trends affecting jobs and business opportunities in the rural sector; benefits of rural and agricultural investing; and the facilitation of positive behavioral changes among poor communities. The cost of the event is USD 595. Additional fees apply for field visits and a training titled "Agricultural Value Chain Finance." For additional information, you may contact Kim Ha via kha[at]azmj.org or +1 703 914 5533, or you may visit http://www.crackingthenutconference.com/.

Fifth Annual Microinsurance Summit
March 10 - March 13, 2014; Miami, Florida, USA
This event will cover topics such as distribution channels, product development and mobile strategies. The full price to register is USD 2,589 with add-on workshops and a range of discounts available, including tiered pricing for those registering before December 20 and January 17. More details are available via +44 (0)203 141 8700, +1 212 537 5898, info@hansonwade.com and http://microinsurance-latin.com/.

MORE DETAILS COMING SOON ON…

Institutional and Technological Environment for Microfinance
March 18 - March 20, 2014; Casablanca, Morocco

Caribbean Microfinance Forum
March 31 - April 3, 2014; Paramaribo, Suriname

Mobile Money Americas Conference and Expo
April 7 - April 9, 2014; Mexico City, Mexico

Harvard Business School-ACCION Program on Strategic Leadership in Inclusive Finance
April 21 - April 26, 2014; Boston, Massachusetts, USA

TBLI Conference
May 29 - May 30, 2014; New York, New York, USA

PAPER WRAP-UPS

The State of Microfinance Investment 2013

Published by MicroRate, October 2013, 16 pages, available at http://www.microrate.com/media/downloads/2013/11/MicroRate-The-State-of-Microfinance-Investment-2013.pdf

This eighth annual survey of international microfinance investment vehicles (MIVs) includes information from 92 MIVs, which held total assets of USD 8.1 billion as of 2012, an estimated 95 percent of the global share. USD 438 million in MIV investments were redeemed during that year, a decrease from USD 467 million redeemed during 2011.

According to the report, MIVs grew between 11 percent and 17 percent per year during 2009 though 2013, with growth and liquidity rates becoming increasingly stable. The liquidity rate was 8.2 percent in 2012, down from 15 percent in 2009.

In 2012, Latin America and East Asia-Pacific had the highest growth (24 and 23 percent, respectively). In India, MIVs resumed growth after a decline in recent years. In South America, Peru holds an MIV market share of 10 percent with opportunities for growth still available through investments in smaller, rural microbanks. Despite growth in Africa, that continent's market share decreased from 8 percent to 7 percent in 2012. On a per-country basis, investments grew fastest in Georgia, Azerbaijan, Bosnia and Mongolia with 78, 45, 43 and 38 percent growth rates, respectively.

In 2012, the median MIV size was USD 35 million, six times higher than in 2006. Although the largest MIVs still issue the most loans, market share for the five largest decreased from 46 percent in 2006 to 42 percent.

Industry trends include increases in the following areas: local-currency lending, microfinance fund sizes, investor demand for specialties such as impact investing, and diversification into subsectors such as agricultural finance and fair trade. In closing, the authors argue that investors should remain vigilant regarding potential risks.

Microfinance Pricing Reports

Published by Microfinance Transparency, October 2013, 15-19 pages, available at http://www.mftransparency.org/resources/

These reports provide an analysis of data from Ghana, Malawi, Rwanda, Tanzania and Uganda, detailing the prices paid by microborrowers in each country and statistics by lender, such as average loan size, interest rates, number of clients served, market share and number of products offered. The reports also include information on the transparency of pricing practices including whether the lender calculates interest based on declining balances, charges multiple fees or requires compulsory insurance or deposits. No more than 25 percent of loans are deemed to be priced transparently in the countries studied except for Malawi, where the report indicates that 65 percent of borrowers benefit from such practices.

Microfinance in Developing Countries: Issues, Policies and Performance Evaluation

Edited by Jean-Pierre Gueyie, Ronny Manos and Jacob Yaron; published by Palgrave Macmillan; 2013; 264 pages; available for purchase at http://us.macmillan.com/Book.aspx?isbn=9780230348462

This collection covers issues including performance, impact and innovations as well as measuring and balancing social and financial performance.

Partnerships in Mobile Financial Services: Factors for Success

By Nadine Chehade and Alice Negre, published by the MasterCard Foundation and the International Finance Corporation, October 2013, 18 pages, available at http://www.ifc.org/wps/wcm/connect/884862804 14940acb54ab79e78015671/Partnerships+in+Mobile+Financial+Services.pdf?MOD=AJPERES

This report presents findings from a study exploring the factors that determine the success of business partnerships among telecommunication firms, financial institutions and other organizations in providing mobile financial services. Complex by nature, these services require expertise in banking, telecommunications, technology, marketing, operations and distribution.

Through an analysis of case studies in Cambodia, Ghana, Kenya and Pakistan, the authors find that the most important success factors are having a long-term plan for the division of revenue among partners, operating in an accommodating regulatory environment and the clear definition of partner roles in alignment with corporate strategies and competitive advantage.

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Impact Assessment of EFC Zambia

By France Michaud and Karine Faucher-Boivin, published by Developpement International Desjardins, 2013, 44 pages, available at http://www.bio-invest.be/nl/component/downloads/downloads/83.html